

Black Cow Pure Milk Vodka - This new product is taking the London celebrity circuit by storm, one that Tom Parker Bowles, the Food & Drink critic for The Mail on Sunday, calls “one of the most remarkable things I have ever tasted.” It’s the brainchild of Paul Archard, a sculptor & former TV-advertising director & Jason Barber, the owner of a 250 cow dairy in West Dorset (*on England’s Southwest coast*) who wanted a more remunerative market for his cows’ milk. While Mongols, Tibetans & Siberians have long made low-alcohol beverages from lactose, the natural sugar in milk, these two have taken the process to new heights by separating the cheese-producing curds from the whey in the milk, fermenting it to make a 2.5% alcohol “milk beer”, distilling it to 90-95% alcohol & then diluting it with milk from which the solids & colour has been stripped through a proprietary process to arrive at a marketable 40% alcohol crystal-clear end product (with the curds processed into an artisan Black Cow Deluxe Cheddar that can be found at Toronto’s St. Lawrence market). *Today the only foreign markets in which this vodka can be bought - as a premium, novelty product @ \$50/bottle - are California & Ontario - This is really quite clever; for whey is a low-value by-product of the cheese-making process that traditionally was mainly used for ‘slopping hogs’.*

France’s election ‘season’ - Three days before the presidential run-off, the CW is that Macron will beat LePen 60-40 (*although it may turn out more like 55+ to 45-*). But that is by no means the end; for there will another two-round set of elections on June 11th & 18th, for the 577 member *lower House of Parliament* (in which Macron’s En Marche movement has at present no representation & LePen very little), with the latest polls suggesting the EM may get 249-286 seats (short of a majority although the latter by only the thinnest of margins), the Socialists will be all but wiped out, the centre right bloc led by Sarkozy’s ‘Les Républicains’ may get 200-210, Marine LePen’s FN (Front Nationale) 15 & an assortment of, mostly leftist, splinter groups the rest. And then, in September there will be another, *indirect* election, this one for half the members of the 348 member Senate (that at the present features a 177 left-, & 164 right-, split) - *it is called “indirect” because the voters are limited to 150,000 or so, mostly local, government officials (heavily weighed against the major cities, it tends to have a right-of-centre bias). If Macron were to win on Sunday & then got control of the Lower House in June, France might over the next few years be dragged, kicking & screaming, into the 21st century, giving the idea of the EU a major ‘shot in the arm’.*

Per capita electricity consumption in seven major economies & the US (in kW/year) :

Canada	15,085
US	12,077
Russia	7,500
Japan	7,354
Germany	6,580
EU	5,391
China	4,312
India	768

Trump shifting NAFTA target? - Last January, before the Trump inauguration, former Mexican president Vicente Fox told CNN’s Anderson Cooper that his successor, Enrique Peña Nieto, should tell Trump “We don’t need your NAFTA - we can do without it. You cannot.” And a few days later Nieto, who has approval rating problems of his own, did exactly that, telling his countrymen “I have said time and again Mexico will not pay for any wall” &, when Trump threatened to cancel Nieto’s proposed visit to Washington in return, he beat him to it. So now Trump may have picked Canada as a ‘softer’ target (& *he may well be right : the Trudeaus of this world don’t handle bullies well*).

UK election - While a lot could & may, and possibly will, change in the next five weeks, the average of several polls taken during the period April 19th to 28th that interviewed a total of 13,822 people was Conservatives 406 (+75), Labour 168 (-64), Liberals 8 (the same), UKIP 0 (-1), SNP (Scottish National Party 45 (-11) and others 22 (+1), with the biggest surprise being Labour's & the SNP's 'pratfall in Scotland. The odds of a Conservative win at last report were 81%.

GLEANINGS II - 708
Thursday May 4th, 2017

U.S. EXPANDS AT WEAKEST PACE IN THREE YEARS (AP, Martin Crutsinger)

- The Commerce Department reported on April 28th that First Quarter US GDP growth had just been 0.7% annualized, down from 2.1% QoQ. This was largely due to a slowdown in consumer spending growth to 0.3% (a seven year quarterly low) in the First-, from 3.5% in the Fourth-, Quarter. Nevertheless the US economy's prospects for the rest of the year are deemed solid, in part because of an *anticipated* pickup in consumer spending, fueled by continued strong job growth (*with only 98,000 new jobs created in March, down from 219,000 MoM & 215,000 YoY?*), accelerating wage gains & record stock levels (*that don't matter a damn to those with a high 'propensity to consume'*), in part due to an expectation that the pattern of recent years of weakness in the First Quarter followed by stronger expansion in the spring will repeat itself & in part by the fact the First Quarter's lacklustre performance supposedly was due to 'special factors' : warmer weather & lower heating bills, a drop-off in auto sales from a strong Fourth Quarter, a delay in the sending out of tax refund cheques, an annualized 1.7% slowdown in government spending (at both federal-, & state-, levels) & slower-than expected inventory growth on store shelves¹, all of which offset the 9.4% growth in business spending (most of it in the oil patch?) & the 13.7% growth in housing construction (the fastest pace in two years).
- So BMO economists are now forecasting 2% growth for the First Half², *which would require a momentous Second Quarter acceleration indeed*, & in unveiling the outline of the Administration's one-page, "back of an envelope" tax proposals, Treasury Secretary Steve Mnuchin said he believed that growth above 3% (*the Trump 'party line'*) would be possible (*although he later qualified that by saying that would "probably be two years away"*). But many other economists are more skeptical, forecasting growth of only 2.2% for the year as a whole (an improvement over last year's wimpy 1.6% - the weakest showing in five years), because they expect the impact of Trump's economic program, *such as it may be*, not to be felt until 2018 because of delays in Congress' approval thereof.

¹ In part due to a record rate of retail outlet closings [2,880 of them did so in the First Quarter, i.e. at an 11,000 unit annualized rate, almost double the previous 6,000 2011 record annual rate (entailing 60,000 job losses), in part to a 0.3% decline in same store sales, the worst in 4 years.

² Whereas by April 27th, almost one month into the Second Quarter, the Atlanta Fed's GDPNow real time GDP growth indicator had further declined to 0.2%, from 0.5% on April 18th & 1.0% On April 1st (it had been closer to reality than the CW 1.5% First Quarter consensus forecast).

In contrast, according to the WSJ the "signs of economic revival in the Eurozone are multiplying, indicating that Europe is finally healing"³ People tend not to differentiate between 3% "annualized" & 3% "annually"; sure, there may be individually quarters featuring the former but, with an aging population⁴, higher interest rates, measly, if not sometimes negative, productivity growth (the expectation is for zero productivity growth in the First Quarter) & a 'trend GDP growth rate' in the 1.6% range, talking about 3% annually is delusionary & a matter of 'dreaming in technicolor'.

SHALE OIL GLUT NOT A BIG RISK, ANALYST SAYS (FP, Geoffrey Morgan)

- At a May 2nd breakfast in Calgary Martin King, an analyst at Calgary-based GMP First Energy, told oil & gas executives that fears of ballooning US shale oil output are overblown, that years of underinvestment in the global energy industry could lead to US\$75 oil before the end of this decade, & that "The U.S. cannot drown the world in oil - it's fundamentally impossible ... We think the data in the coming weeks & months should begin to put more of a positive spin on the resetting of the global oil market to more reasonable levels, but it will still take time." And last week the Paris -based IEA (International Energy Agency) too warned that despite the impressive investment in US shale, capital injections in other global basins had fallen to their lowest levels in 70 years , which could lead to a supply gap in the years to come; according to its Executive Director, Faith Birol, "The key question for the future of the oil market is for how long can a surge in U.S. shale supplies make up for the slow pace of growth elsewhere in the oil sector." On the other hand, Citigroup analyst Edward Morse said in a May 2nd research note that, while he shares the growing consensus that the "oil market is rebalancing rapidly", he is more pessimistic in the medium term given the continued growth not just in US shale but also in the Canadian oilsands, although "a supply disruption in Venezuela, Libya and/or Nigeria could push prices above US\$70."

King was 'preaching to the converted', the IEA's crystal ball -gazing has often left much to be desired, & both may be engaging in 'driving down the highway of life by looking in the rear view mirror'. And the reference to years of "underinvestment in the global energy industry" does not bear scrutiny, for there's more to "the global energy industry" than just oil, and investment in the renewable segment of the industry has been surging, with major oil companies (incl. Britain's BP, Italy's ENI, Saudi Arabia's Aramco, Holland's Shell, Norway's Statoil & France's Total), having started to direct some of their new investment therein. Moreover, for various reasons some of the oomph seems to have gone out of growth on the demand side of the oil market. And, given the industry-wide focus on cost discipline & the fiscal needs of the governments of many oil-producing countries, any oil price increases are likely to have a disproportionate impact on global oil production, & hence an adverse effect on the oil price's upside potential. Moreover, on the production side a cursory perusal of the headlines in the Oil and Gas Journal generates news of a baker's dozen of new discoveries all over the world in the past two months, many of them in fiscally hard-pressed countries, while Wood MacKenzie announced recently that it

³ The paper may have been carried away: while its annualized First Quarter rate of GDP growth was nearly triple that of the US, 2% is nothing to write home about & 'one swallow does not summer make'.

⁴ In 2000 the US population was 282.2MM, of whom 35.0MM (12.4%) were aged 65 or over, by 2012 these numbers had grown to 315.2MM, 43MM & 13.6%, by 2020 they are expected to grow to 334.5MM, 56MM & 16.7% respectively, & thereafter it will only get worse.

expects production in Argentina's Vala Muerta field to go from 77,000 bbl/d. this-, to 113,000 next-, year & thereafter zoom upwards & onwards to 1.25MM bbl/d in 14 years.

MAHMOUD ABBAS MEETS DONALD TRUMP IN KEY US VISIT (al-Jazeera)

- After hosting him at the White House Trump promised to revive the stalled Israeli-Palestinian peace process (but didn't offer any details as to how he might go about doing so) & pledged to support Abbas "in being the Palestinian leader who signs his name to the final and most important peace agreement that brings safety, stability, prosperity to both peoples and the region". He believes that both side are willing to make a deal (maybe so, but only on their diametrically opposed terms).

Abbas reiterated the key Palestinian demand for an independent Palestinian state along the pre-1967 lines with East Jerusalem as its capital (all three of which, independence, pre-1967 borders & a capital in East Jerusalem, are 100% anathemous to Netanyahu c.s.). The headlines in the Israeli newspapers reported that the latter had gone on record as saying "Abbas Lied". While Palestinian sources said that Trump & Abbas had discussed "core issues, Al-Jazeera's James Bays, reporting from the White House, complained the meeting had not brought any clarity to US policy in the Israeli-Palestinian conflict, Marwan Bishara, a senior al-Jazeera policy analyst was bluntly truthful when he noted "Trump said basically nothing of importance about the issue ... The basic differences between the Israelis & Palestinians ... don't look like they can be bridged by anyone ... What is quite surprising, and sad, is when Abbas said 'we rely on Trump and God - if that's the Palestinians' last card - they're in trouble ... (and) ... Abbas has been president for 12 years, and was elected only once, he really doesn't have much legitimacy among the Palestinians today because he has been able to accomplish little other than symbolic gestures by the international community. On the ground, with the settlements increasing and thousands in prison, the situation continues to get worse". And on the US side National Security Adviser H. R. McMaster opined that "Trump's disruptive approach to governing presents new opportunities for regional peace ... 'We've always done things this way' is not a phrase that works for President Trump" After the meeting it was reported that the President had appointed USAF Lt.-Col Kris Bauman, "an expert on the peace process⁵" as his "Israel Adviser" and that the President would make a 26 hour visit to Israel on May 22nd & 23rd (with the first part thereof devoted to meeting with Netanyahu & the morning of the second to a visit to Abbas in Jerusalem), sandwiched between a visit to Saudi Arabia on the way there & to the Vatican on the way back to Washington. Last but not least, while Trump had tweeted on Wednesday May 3rd that it "had been an honor to meet Abbas", this tweet was deleted the very next day (along with some favourable comments about the peace process by Trump & Secretary of State Rex Tillerson).

GOVERNMENT SHUTDOWN AVOIDED AS CONGRESSIONAL REPUBLICANS AND DEMS STRIKE \$1 TRILLION DEAL (AP)

- After weeks of negotiations the House Republicans & Democrats late in the evening of Sunday April 30th managed to avoid a government shut-down by agreeing on a \$1 plus

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Now a Senior Adviser at the Institute for National Strategic Studies at the Washington-based National Defense University, in 2013-2014 he worked "inside the peace process as Chief of Staff for the Senior Adviser to the Secretary of Defense responsible for the security portfolio of the proposed two-state agreement between the Israelis & Palestinians" during negotiations led by *then* Secretary of State John Kerry.

trillion spending bill that will fund the day-to-day operations of just about every government agency for the rest of this fiscal year (i.e till September 30th). In this, the first piece of bipartisan legislation of the present Congress, they denied President Trump any funding for his Mexican Wall & rejected the cuts he wanted for a number of domestic programs but did give him US\$15BN as a downpayment on increased military spending. Two things the Republicans backed away from were his proposals to defund Planned Parenthood & to deprive “sanctuary cities” from federal grants, but they did respond to Minority Leader Nancy Pelosi’s (D.-CA) appeal to help the cash-strapped Puerto Rican government deal with its Medicaid burden, albeit for only US\$295MM, not the US\$500MM she’d asked for.

This could make for an interesting fall. For this is the second major financial issue Congress has now ‘rolled down the road’ until late September/early October (for six weeks ago it did so with the debt limit, thereby complicating Secretary of the Treasury Steve Mnuchin’s life; for with the national debt within shouting distance of its limit & the Treasury reportedly having less ready cash in the till than Apple or Google (US\$30BN, < 1% of its annual expenditures, down from US\$400BN eight months ago), his staff will be kept busy all summer devising new “extraordinary measures” to fund the government without exceeding the debt limit. Two days later, Trump tweeted that the US government “needs a good shutdown” (in September) to fix “the mess” in the Senate (i.e. the need for a 60% “super majority” for many of its decisions), although he had earlier praised the bipartisan move as a major accomplishment, as evidence of his masterful negotiating with the Democrats, & as “a clear win for the American people”).

HOUSE REPUBLICANS CONTINUE HEALTHCARE PUSH, MAY LEAVE CHANGES TO SENATE (WP, Dave Weigel)

- Their aim now is to pass a bill that would appear to revise the ACA (*Obama’s Affordable Care Act*), just to get it off their plate & onto Senate’s, even if it may have not much chance of survival there, so as to cover their backsides in the November 2018 elections.

House Speaker Paul Ryan (R.-WI) is reasonably confident he will soon have the votes to pass a bill to get it out of the House. The biggest stumbling block to doing so remains the continuation of coverage for those with “pre-existing conditions”; and while President Trump in an interview of CBS’ Face the Nation said the bill’s latest version would “beautifully” do so, this assurance has already been found to be ‘made of whole cloth’, i.e. have no basis in fact, by those most directly affected (whose tally the CBO some time ago estimated might number as high as 20MM).

CANADA DROPS FOUR SPOTS ON THE WORLD PRESS FREEDOM INDEX (BBCNews)

- It now is 22nd among the 180 countries rated by the Reporters Without Borders with regard to their treatment of journalists. For a number of high profile incidents in Canada of police action against journalists has raised concerns for them; thus last fall the Canadian Journalists for Free Expression slammed the “massive cultural problem in our policing and surveillance agencies” after it became public knowledge that Québec had spied on 10 journalists & the Montreal police had hacked into the phone of journalist Patrick Lagace, and that journalist Julius Brake was charged for covering a protest meeting. And in March the Federal Court of Appeal ruled ViceNews journalist Ben Makuch had to turn over all his communications with accused terrorist Farah Shirdon, incl. all texts, to the RCMP (Makuch & other journalists have been pushing the

government to pass a “shield law” as most US states have that protects journalists from being forced to reveal their sources).

Top-ranked are the ‘usual culprits’ (i.e. the Scandinavians). And while Canada ranks well compared to the UK (No. 40) & the US (No. 43), it must rankle that Costa Rica is No. 6, Jamaica No. 8, Slovakia No. 17, Surinam No. 20 & Samoa No. 21. And it cannot please the UK either that it ranks behind Uruguay (No. 25), Ghana (No. 26), Cabo Verde (No. 27), Cyprus (No. 30), South Africa (No. 31), Chile (No. 33), Trinidad & Tobago (No. 34), Andorra (No. 35), & the OECS (Caribbean) countries (No. 38), nor the US that it does so behind Belize (No. 41) & Burkina Faso (No. 42), and is just a nose ahead of the Comoros Islands (No. 44).

MIDDLE CLASS FORTUNES IN WESTERN EUROPE

(Pew Research Center, Rakesh Kochhar)

- *Pew recently published a report that sought to establish how well/badly the middle class had fared in 11 European countries & the US. The following summarizes its findings : in relative terms the share of adults living in middle class households⁶ had declined in six countries & in the US (Norway from 81% to 80%, Luxembourg 82 to 75, Finland 80 to 75, Germany 79 to 72, Italy 69 to 67, Spain 69 to 64 (& the US 62 to 59), in one case (Denmark) it had remained the same at 80%, while in four others it had actually increased (Netherlands 76% to 79%, France 72 to 74, UK 61 to 67 & Ireland 60 to 69. In absolute terms the “national median disposable outcome, scaled to reflect a 3-person household” had grown at quite disparate rates in various countries, to wit :*

	1990	2010	Increase
Ireland	\$22,684	\$39,067	72.2%
Norway	\$35,001	\$52,304	49.4%
UK	\$26,145	\$37,826	46.7%
Luxembourg	\$48,657	\$65,466	34.5%
France	\$30,794	\$41,076	33.4%
Denmark	\$33,858	\$43,156	27.5%
Netherlands	\$36,387	\$43,192	18.7%
US	\$48,343	\$52,941	9.5%
Finland	\$38,699	\$40,312	4.1%
Spain	\$31,352	\$31,885	1.7%
Germany	\$41,014	\$41,047	Flat
Italy	\$40,265	\$32,353	-19.7%

This suggests the middle class may not have fared as quite as badly as some politicians claim (at least on the basis of Pew’s middle class definition). And while it may be a surprise to some how well Ireland has done, it must be remembered that for much of the period in question its economy grew so fast as to have it often be referred to colloquially as the “Celtic Tiger” one.

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DONALD TRUMP BLAMES CONSTITUTION FOR CHAOS OF HIS FIRST 100 DAYS

(The Guardian, Julian Borger)

⁶ Defined as those with disposable incomes, after adjustment for household size, in a range between 66% & 200% the median national disposable income.

•On April 30th, in an interview with Fox News on the occasion of his 100th day in office, he said he had been “disappointed” by the Congressional Republicans despite his many “great relationships” with them, and blamed the constitutional system of checks & balances built into US governance (*for his lack of achievements?*), calling it a “very rough system ... an archaic system ... really a bad thing for the country”. And while his core supporters have remained faithful, choosing to believe his claims that the mass media are purveyors of ‘fake news’, rather than accepting that his presidency so far has not been the unrivaled success he ordains it to be, the gap between his bravado & the daily realities of governing has helped to deepen public cynicism; for in a new Gallup poll only 36% deemed him honest & trustworthy, down from 42% three months ago. And elsewhere it was reported that Steve Bannon, the champion of US economic-, & ethnic-, nationalism, may be making a comeback in the White House since he had been behind Trump’s picking a fight with Canada over milk & softwood lumber imports, and the measures to protect the US aluminum industry, and had drafted the Executive Order that would have the US withdraw from NAFTA that Trump at the last moment, after phone calls from President Nieto & Prime Minister Trudeau, had decided not proceed with (*reportedly after having been shown a map illustrating that it would cost many jobs in the border states that had been critical to ‘pushing him over the top’ in the Electoral College*).

The key driver in the outcome of any Bannon vs. “New York Moderates” tussle will be the fact that in the Trump White House “family comes first”, & the Moderate group includes Ivanka & Jared.

WHO’S THE CHICKEN IN TRUMP’S HIGH-STAKES GAME? **(Globe & Mail, Thomas Homer-Dixon)**

- Donald Trump loves to play the game of chicken but seems to play it badly; and that’s truly scary. For it takes all win-win outcomes off the table (just as in such a game with cars nobody wins if both drivers swerve at the last moment). And in any bargaining process a game of chicken approach by one party usually makes the other party angry & recalcitrant since it makes it choose between humiliation & annihilation (*which would be fatal if the losing side is one in which not ‘losing face’ is the be-all & end-all*). While Mr. Trump built his public brand around his deal-making abilities, in his three months as President he has had to back down over ObamaCare, with Russia over Syria & North Korea over nukes, and with Congress over the Mexican Wall after having, in each case, revved his engine, smoked his tires on the pavement & roared at high speed down the centre line only to swerve at the last moment. No doubt Russia & North Korea have been watching this & concluded he is a blowhard. So at some point he will have to re-establish his alpha-gorilla credibility at someone else’s expense, most likely a country since he has most latitude for independent action on the international stage, and since North Korea’s leader seems ready to risk it all, regardless of the consequences for all, he may well pick Canada he claims has “been very rough on the United States ... They’ve outsmarted our politicians for many years⁷.”

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Thereby displaying a dismal lack of understanding how the system works; for it’s the bureaucrats who do most of the negotiating (albeit within the bounds set by their political masters).

And while he now says he has a good relationship with Prime Minister Trudeau & “likes” him, eight months ago, during the campaign, he called him “Canada’s worst President yet” & an “embarrassment”. And while the two-thousand year old saying warns “Be aware of Greeks bearing gifts”, the same may well hold true for Trudeau when Trump suddenly turns kissy, kissy.

NO AMOUNT OF EXCESS WEIGHT IN HEALTHY (Epoch Times, Gabe Mirkin)

- Earlier this month researchers at Boston University & Harvard published a review of three studies that between them had followed 225,000 adults, all healthcare professionals, for 8-20 years. While a review of nearly 100 other studies had appeared to show that being slightly overweight was actually healthful, this one suggested that even being slightly overweight can increase a person’s risk of dying by 6% & being obese do so by 73% (largely due to heart & lung disease and cancer).

The author has been a practicing physician for over 50 years.